

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House
(317) 232-9855

FISCAL IMPACT STATEMENT

LS 8082

BILL NUMBER: HB 2042

DATE PREPARED: Feb 9, 2001

BILL AMENDED: Feb 8, 2001

SUBJECT: Abandoned oil and gas wells.

FISCAL ANALYST: Bernadette Bartlett

PHONE NUMBER: 232-9586

FUNDS AFFECTED: **GENERAL**
 X DEDICATED
 FEDERAL

IMPACT: State

Summary of Legislation: (Amended) This bill authorizes the establishment of a program that would permit a person who voluntarily remediates certain gas and oil wells to recover certain costs from the Oil and Gas Environmental Fund. The bill expands the sources of money for the fund. It also authorizes the Natural Resources Commission to dispose of oil and gas well equipment or crude oil recovered at an abandoned well and to use any proceeds to offset costs incurred by the Commission in plugging and abandoning the well.

Effective Date: July 1, 2001.

Explanation of State Expenditures: (Revised) Allowing persons who voluntarily remediate certain oil and gas wells to recover certain costs from the Oil and Gas Environmental Fund may result in more demand on the fund. As of 6/30/2000, the fund had a balance of \$74,325. The specific impact on the fund is indeterminable and will depend on the number and nature of requests to recover costs.

The Director of the Department of Natural Resources may establish a program to reimburse applicants for expenses. This provision may result in additional administrative expenses for the DNR; however, the Department would probably be able to absorb any additional costs given its current budget.

The Natural Resources Commission may dispose of oil and gas well equipment or crude oil recovered at an abandoned well and use any proceeds to offset costs. The impact of this provision will depend on action taken by the Commission.

Explanation of State Revenues: The bill provides that the fund may receive gifts, grants, donations, or appropriations from any source which may result in additional revenue to the fund. The impact is indeterminable.

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: Department of Natural Resources.

Local Agencies Affected:

Information Sources: Auditor of State, Revenue Trial Balance.